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ABSTRACT

This volume provides, in condensed form, comparative data highlighting significant trends affecting colleges and universities in the Southern region of the United States, the area served by the Southern Regional Education Board (SREB). A look at trends for the region makes it apparent that the region is growing more diverse. It is also evident that the economy of the Southern United States is growing as educational attainment rises in the region. At present, 23% of Southerners have bachelors degrees or gher. Educational access is increasing in the SREB area in parallel with the increasing diversity of the region, and educational success is also increasing. Students and their families carry a greater financial burden. In half of the SREB states, tuition and fees account for a larger percentage of median family income than they do nationwide. In spite of this, financial strains remain for colleges in the region. Data are summarized in these sections: (1) "Population and Economy"; (2) "Enrollment"; (3) "Degrees"; (4) "Tuition and Student Financial Aid"; (5) "Faculty and Administrators"; (6) "Revenues and Expenditures"; and (7) "SREB-State Data Exchange Agencies." (Contains 2 maps and 29 graphs.) (SLD)

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SREB

Fact Book on Higher Education

Condensed Edition

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Featured Facts

Region is growing and more diverse: A population growth leader for decades, the South now has almost 100 million people — and the population will continue to have above-average growth well into the new century. The number of Southerners 65 years old or older will double. Minority students will account for almost half of the public high school graduates in seven SREB states. The traditional college-age population will grow in 13 SREB states — dramatically in some states.

Southern economy sets the pace as educational attainment rises: Forty-four percent of the nation's new jobs (more than 7 million) were in the SREB region. Now, seven SREB states have average per-capita income equal to at least 90 percent of the U.S. average — up from only three in SREB's early days. Yet, in half of the SREB states, at least 25 percent of children live in poverty — almost 6 million children.

Not coincidentally, 23 percent of Southerners now have bachelor's or higher degrees. Earlier, that was the percentage of Southerners with high school diplomas. Thirteen SREB states had higher increases in the high school attainment levels than the national rate of increase. Only six SREB states increased their percentages of adults with college degrees at the national rate.

Educational access increases: Eleven SREB states had more college students — an increase of 139,500. Outside the SREB region, more than half of the states had fewer college students. Only one SREB state has a college enrollment rate for 18- to 24-year-olds above the national average. The college-going rate of Hispanics lags behind that of blacks, which, in turn, trails that of whites.

Women and minorities have accounted for the bulk of the enrollment growth. If the percentage of women in professional programs — such as law and medicine — continues to increase as fast as it has, women will outnumber men in professional programs as well as in undergraduate and graduate education. The number of black students has increased by 19 percent (almost 122,500 more students), while total enrollment rose by only 3 percent.

Continued on inside back cover

SREB

Fact Book on Higher Education

Condensed Edition

Joseph L. Marks

Copies of the complete *Fact Book* are available from the SREB publications office. SREB continuously monitors the availability of new comparative data and publishes *SREB Fact Book Bulletins,* which contain updated and expanded information. SREB data also are available on the Internet at www.sreb.org.

The creation of the Southern Regional Education Board was based on its founders' belief that education was the path to progress. Those affiliated with SREB today are equally certain that education drives America's economy.

Progress is evident in the rising educational levels in the SREB region. In 1950, the percentage of adults in the SREB states who had high school diplomas was 23 percent. Today, that is the percentage of adults who have at least bachelor's degrees. Pursuing lasting, long-term advances in education is the cornerstone of the Southern Regional Education Board. SREB helps its member states chart their progress, stay on course and address critical questions and issues. The *SREB Fact Book on Higher Education* and *Educational Benchmarks* together provide a comprehensive set of comparisons related to education.

State education leaders need to know:

- Are the educational attainment levels of my state's residents where they should be for my state to progress economically and be competitive?
- Are state and local government efforts to support education adequate and in line with the way other governments support education?
- Do my state's residents participate in postsecondary education enough to meet the state's needs and compete with others?
- Do enough students enroll in and graduate from colleges and universities within the state's borders to meet the state's needs?
- Can students and their families afford to attend the colleges, universities and technical institutes in my state?
- Is funding for state colleges, universities and technical institutes adequate?

We offer the *SREB Fact Book Condensed Edition* to provide a convenient summary of trends for those who make or influence decisions about the future of higher education.

Mark Musick
President

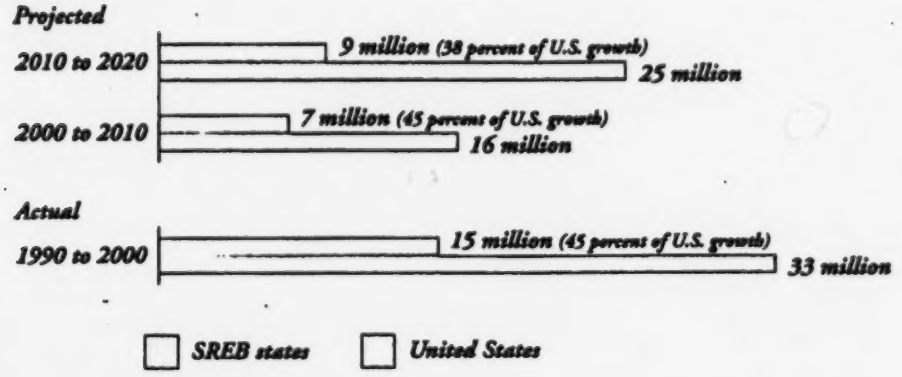
Table of Contents

	Page
Foreword	iii
Population and Economy	1
Enrollment	11
Degrees	19
Tuition and Student Financial Aid	29
Faculty and Administrators	35
Revenues and Expenditures	43
SREB-State Data Exchange Agencies	49

Population

The South's population grew faster than the nation's over the last 10 years. This important fact has major implications for the development of the region. However, it is not a new fact; the South has been a growth leader for decades. The region's population has grown by 18 percent to almost 100 million, while the nation's has risen by 13 percent. The growth in the SREB region peaked in the last 10 years with an increase of almost 14,825,700 people. In the next 10 years, the South's rate of increase is projected to remain above the national average, but the total growth is expected to taper to about 7,372,200. Florida (9 percent), Tennessee (9 percent) and Texas (10 percent) are projected to be the fastest-growing SREB states in the next 10 years.

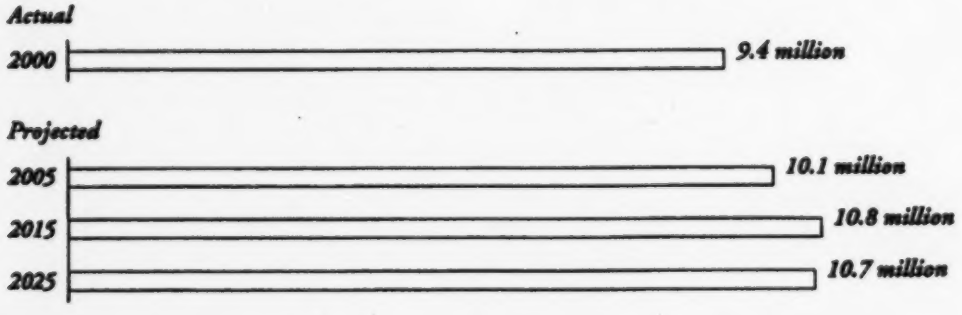
Population Growth



Source: U.S. Bureau of the Census

By 2025, 20 percent of the South's population will be 65 years old or older, compared with less than 13 percent today — a doubling of today's number. By then, nearly 40 percent of Americans 65 years old or older will live in the South. There also are expected to be changes affecting schools and colleges in the next couple of decades. In the next five years, the number of preschool-age children (under 5 years old) is projected to grow in only five SREB states (Florida, Georgia, Oklahoma, Tennessee and Texas). The number of school-age children (5- to 17-year-olds) is projected to increase in 10 SREB states (Alabama, Florida, Georgia, Maryland, Mississippi, North Carolina, South Carolina, Tennessee, Texas and Virginia). It will remain the same or decline in the other states. The traditional college-age population (18- to 24-year-olds) will grow in all SREB states except Kentucky, Mississippi and West Virginia over the next five years. The growth will be dramatic in some states. In Florida the increase will be 155,000. Georgia's traditional college-age population will grow by 70,000; Maryland's will grow by 51,000. North Carolina's population of traditional college-age adults will increase by 72,000 and Texas' will increase by 220,000. However, people age 24 and younger will account for a steadily decreasing proportion of the nation's population through 2025.

Traditional College-Age Population*, SREB States



* 18- to 24-year-olds

Source: U.S. Bureau of the Census

The racial and ethnic mix in the SREB states also is expected to change. The Hispanic population will grow the fastest by 2025, increasing from 10 percent to 15 percent of the region's total population. Florida and Texas are home to 85 percent of the Hispanics living in the South. The black population is projected to increase from 19 percent to 21 percent of the SREB states' total. By 2025, nonwhites are expected to account for 20 percent or more of the population in 12 SREB states: Alabama (28 percent), Delaware (26 percent), Florida (20 percent), Georgia (36 percent), Louisiana (39 percent), Maryland (40 percent), Mississippi (38 percent), North Carolina (27 percent), Oklahoma (22 percent), South Carolina (32 percent), Tennessee (20 percent) and Virginia (30 percent). Hispanics are projected to reach 24 percent in Florida and 38 percent in Texas.

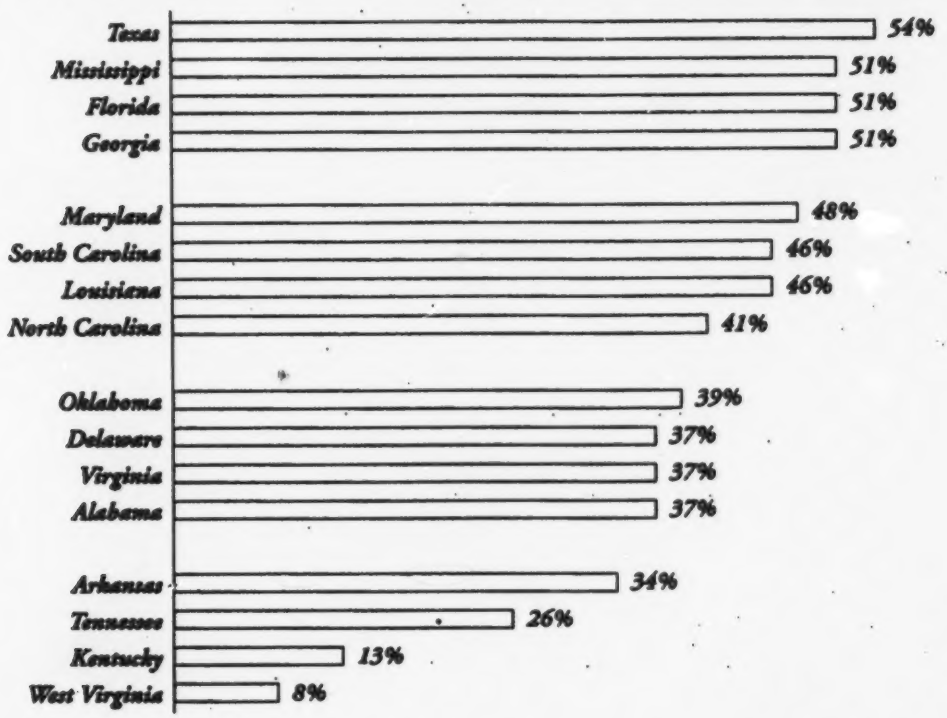
Young people in the education pipeline

Between 2000 and 2005, enrollment in public kindergarten through 12th grade is projected to grow by 1 percent nationwide and 2 percent in the SREB states. State differences are notable. North Carolina is projected to have an increase of 5 percent, while four SREB states (Florida, Louisiana, Oklahoma and West Virginia) are projected to have decreases. Between 2005 and 2010, trends turn around: In almost all SREB states there are projected to be downturns in school enrollment. Only Georgia (1 percent) and Texas (3 percent) are expected to have growth. This pattern contrasts with that of the 1990s, when public school enrollment grew 14 percent regionwide — an increase of about 2.1 million students. During the 1990s, the SREB states with the greatest increases in school enrollment were Delaware (15 percent), Florida (31 percent), Georgia (26 percent), Maryland (19 percent), North Carolina (17 percent), Texas (19 percent) and Virginia (15 percent).

From 2001 to 2010, the numbers of public high school graduates in the region and in the nation are projected to grow by 10 percent. For the SREB states, that rate of increase means more than 89,100 additional graduates from public high schools in the SREB states. Dramatic increases are expected in five SREB states: Florida, up more than 25,500 (24 percent); Georgia, up more than 11,600 (18 percent); Maryland, up almost 8,000 (16 percent); North Carolina, up almost 16,800 (27 percent); and Tennessee, up more than 12,200 (30 percent). Texas' projected increase of 7 percent is expected to result in an additional 15,800 graduates.

Minorities make up a growing share of enrollment in elementary and secondary schools and of high school graduates. In 1980, minorities accounted for at least one-third of public school enrollment in seven SREB states (Alabama, Georgia, Louisiana, Maryland, Mississippi, South Carolina and Texas). By 1998, 12 SREB states (Alabama, Delaware, Florida, Georgia, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Texas and Virginia) had at least one-third minority enrollment. Minority students are projected to account for at least 46 percent of the public high school graduates in seven SREB states (Florida, Georgia, Louisiana, Maryland, Mississippi, South Carolina and Texas) by 2008.

Projected Minority* Percent of Public High School Graduates by 2008



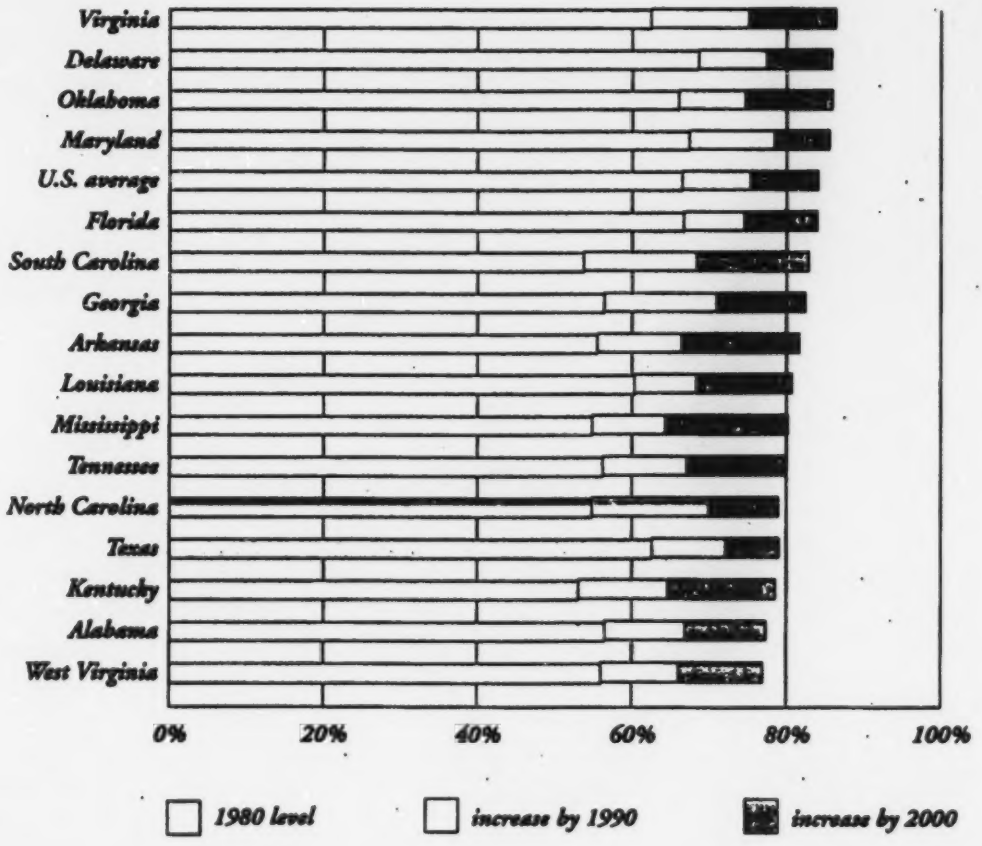
* Minority indicates nonwhite.

Source: National Center for Education Statistics

Adults' educational attainment

In the 1990s, the percentage of the SREB states' adults 25 and older with high school diplomas or General Educational Development (GED) certificates rose 12 percentage points to 81 percent. The percentage with at least a bachelor's degree rose from 17 percent in 1990 to almost 23 percent by the end of the decade. In 13 SREB states (Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North

Percent of Adults With High School Diplomas or the Equivalent

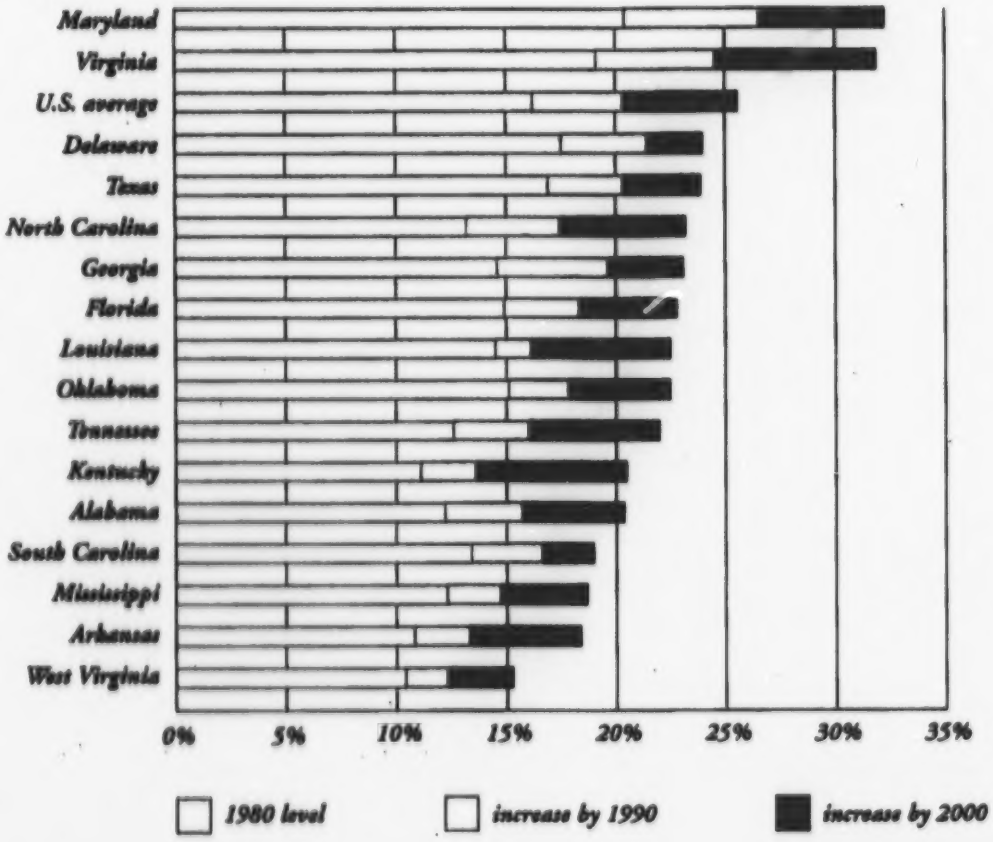


Source: U.S. Bureau of the Census

Carolina, Oklahoma, South Carolina, Tennessee, Virginia and West Virginia), the percentages of adults with high school diplomas or GED certificates increased at a higher rate than did the national average. Only six SREB states (Kentucky, Louisiana, Maryland, North Carolina, Tennessee and Virginia) increased their percentages of adults with college degrees at the national rate or higher.

What a difference 50 years makes! In 1950, 23 percent of Southerners had high school diplomas. By 2000, 23 percent of Southerners had bachelor's degrees or higher.

Percent of Adults With Bachelor's Degrees or Higher



Source: U.S. Bureau of the Census

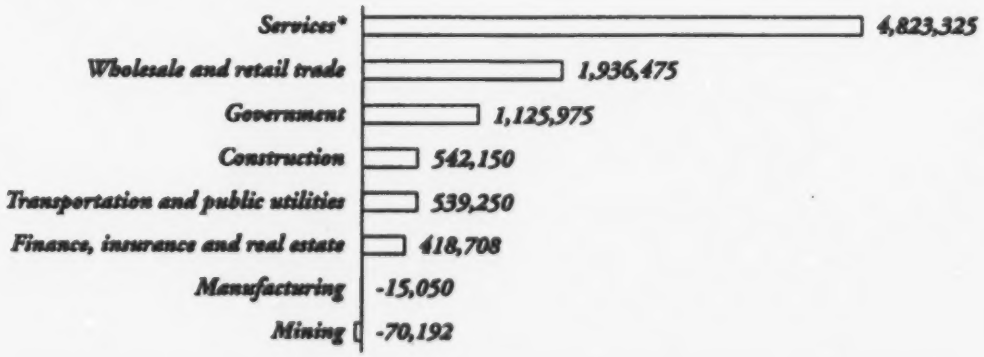
Poverty rates

From 1989 to 1999, the South reduced its poverty rate by 2.4 percentage points, while the national poverty rate decreased by one-half percentage point. In 1999, the SREB region's poverty rate was 14 percent — slightly higher than the national rate of 13 percent. Among children under age 18, the poverty rates are higher. In 1997, 21 percent of the nation's and 24 percent of the SREB region's children under 18 lived in poverty. In half of the SREB states, at least 25 percent of children were living in poverty; in no SREB state was that percentage lower than 14 percent. More than 5.8 million children in the SREB states were living in poverty in the late 1990s.

Employment

The SREB states account for more than one-third of the nation's civilian labor force. From 1989 to 1999, 44 percent (7.1 million) of the new jobs nationwide were created in SREB states. This increase of 17 percent outpaced the national growth rate of 13 percent.

Changes in Nonagricultural Employment, *SREB States, 1989 to 1999*



* The top five service industries are medical and health services; business services, such as advertising and data processing; engineering and management services; social services; and education. Also included are jobs in hotels and motels, laundries and auto repairs.

Source: U.S. Bureau of Labor Statistics

The service industries, the largest sector of the region's labor market, had the largest increase (59 percent) during those 10 years. The top five service industries are medical and health services; business services, such as advertising and data processing; engineering and management services; social services; and education. The service industries also include jobs in hotels and motels, laundries and auto repairs. The second-highest growth rate was in construction (29 percent), followed closely by transportation and public utilities (28 percent). Employment in wholesale and retail trades rose by 23 percent. Finance, insurance and real estate rose by 21 percent, and government employment grew by 18 percent. The number of jobs in mining and manufacturing both declined. Unemployment fell to 4.1 percent by 1999.

Personal income

In every decade since the 1950s, the SREB region's per-capita income has increased faster than has the national rate. In 1950, only three SREB states (Delaware, Florida and Maryland) had an average per-capita income equal to at least 90 percent of the U.S. average. By 1999, that number had risen to seven (Delaware, Florida, Georgia, Maryland, North Carolina, Texas and Virginia). In 1999, the regional average of $26,252 was 92 percent of the national average of $28,542. Per-capita income in Delaware, Maryland and Virginia exceeded the national average.

Government revenues and expenditures

From 1987 to 1997, state and local government general revenues in the SREB states increased by 102 percent and tax revenues increased by 95 percent, while personal income increased by 90 percent. In 1997, the SREB states' tax revenues per $1,000 of personal income were 91 percent of the U.S. average, up just slightly from 10 years before.

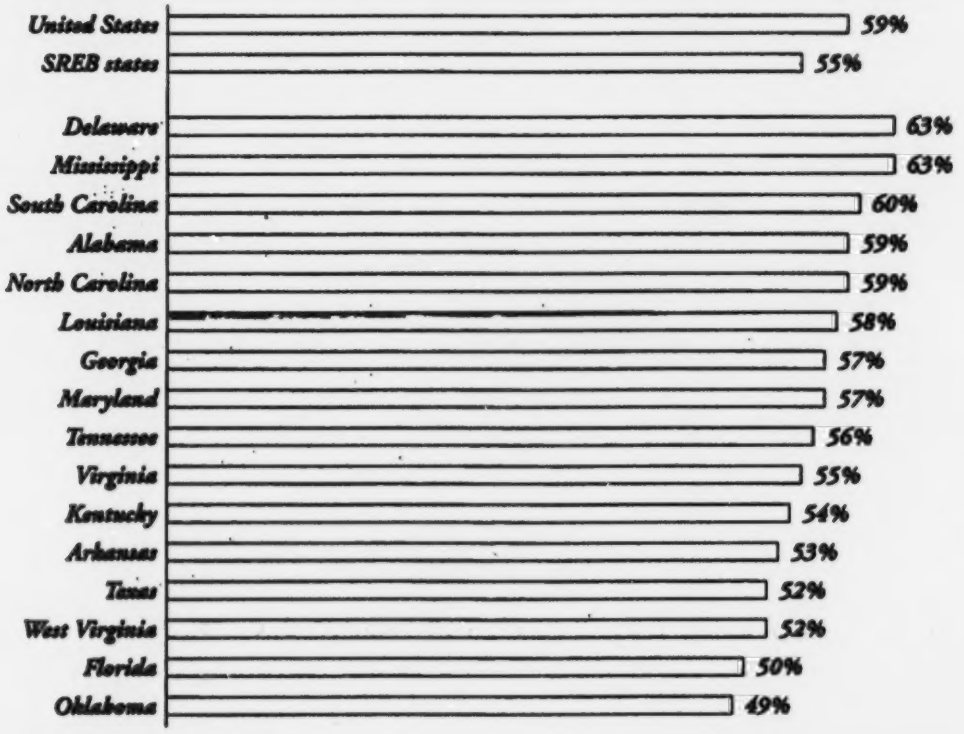
Between the late 1980s and the late 1990s, state and local governments regionwide and nationwide rearranged their budgets. Spending on social welfare rose from 20 percent of the total to 26 percent; higher education fell from 10 percent to 9 percent; elementary and secondary education fell from 25 percent to 24 percent; and transportation and public safety fell from 27 percent to 25 percent. Administration held even at about 5 percent. Between 1999 and 2000, state general-fund and earmarked appropriations for elementary and secondary education and higher education increased by more than 7 percent — one percentage point higher than the increase in the total appropriations. If this trend could continue long term, education could regain the budget share that it has lost.

The revenue-generating patterns in the SREB states also changed between the late 1980s and the late 1990s. State and local governments' reliance on federal funds has increased from 17 percent of revenues to 19 percent. The proportions of state and local governments' revenues that come from the federal government range from 14 percent in Virginia to 27 percent in Mississippi and West Virginia. States' tax policies vary. Sales taxes account for none of the tax revenues in Delaware and 24 percent in Tennessee. Property taxes account for 6 percent of the tax revenues in Alabama and 21 percent in Texas. Income taxes (corporate and individual) range from none in Texas to 25 percent of the tax revenues in Maryland.

Students attending college

In 1997, more than half (55 percent) of the high school graduates that year in the SREB region enrolled in college the fall after graduation. The SREB region was at 93 percent of the U.S. average of 59 percent. Five SREB states (Alabama, Delaware, Mississippi, North Carolina and South Carolina) were at or above the national average. In the 1990s, enrollment increases were the norm in the SREB region. Eleven SREB states had more students in college in 1998 than in 1992 — an increase of 139,500 students (3 percent). In the rest of the nation, more than half of the states had fewer students enrolled in 1998 than in 1992.

College Enrollment* Rates of Recent High School Graduates, 1997



* Includes four-year and two-year colleges.

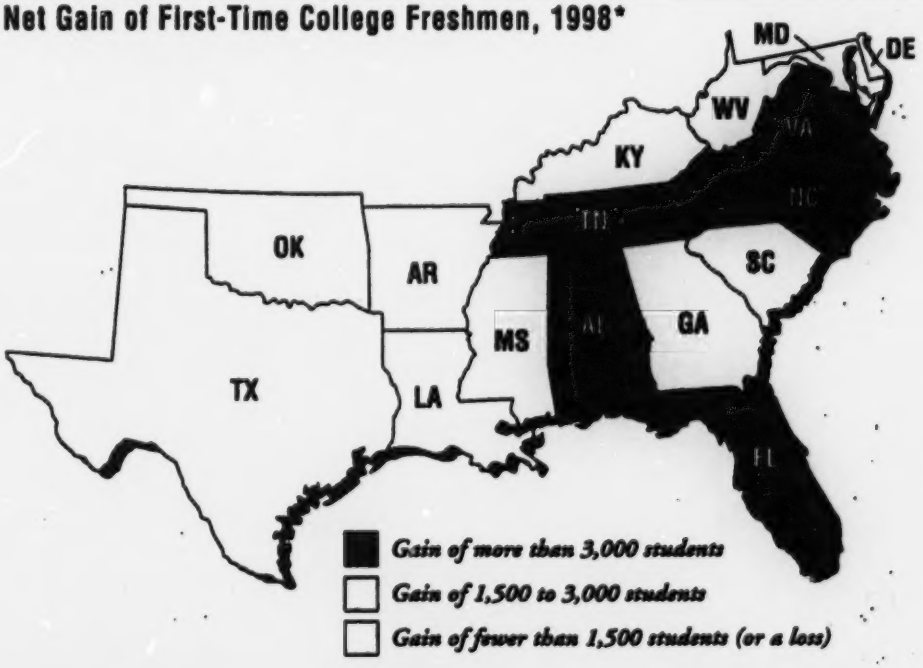
Sources: U.S. Bureau of the Census and National Center for Education Statistics

Adults ages 25 to 34 enroll in college at the same rate in the SREB region as they do nationwide. For the traditional college-age group of 18- to 24-year-olds, the SREB region's rate of 29 percent in 1998 trailed the nation's average rate of 32 percent. These rates were higher than they were in the early 1990s. Delaware's enrollment rate for 18- to 24-year-olds was above the national average. While older college students have been the fastest-growing group in the last decade, most college students in the SREB region still are between the ages of 18 and 24. About 40 percent of college students in the SREB region were 25 years old or older in 1997. The age distribution of college students remained stable in the 1990s.

Student movement from state to state

More first-time freshmen come to SREB states to attend colleges than leave to attend colleges in states outside of the region. This makes the South a "net importer" of college students. All SREB states except Maryland were net importers of first-time freshmen in 1998.

Net Gain of First-Time College Freshmen, 1998*



* Net gain indicates that the number of first-time freshmen enrolling from out of state is greater than the number of in-state residents who leave to become first-time freshman in other states.

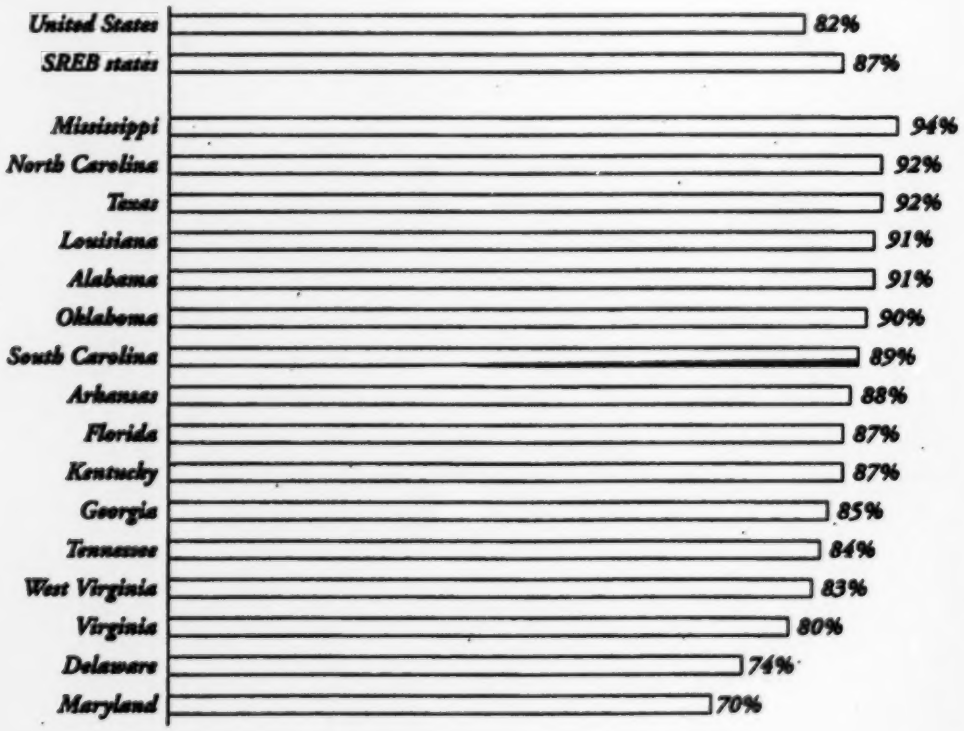
Source: National Center for Education Statistics

SREB states also had higher percentages of students who attended colleges in their home states than did other states nationwide. In 1998, 87 percent of first-time freshmen in the SREB states attended colleges in their home states. The national average was 82 percent.

Students attending four-year and two-year colleges

Enrollment in the SREB region's two-year colleges held virtually even for most of the 1990s. Nationwide, enrollment in two-year colleges fell by 3 percent over the same period. Between 1992 and 1998, enrollment in four-year colleges and universities rose by 5 percent in the SREB region and by 3 percent nationwide.

Percent of Home State's First-Time Freshmen Attending In-State Colleges and Universities, 1998

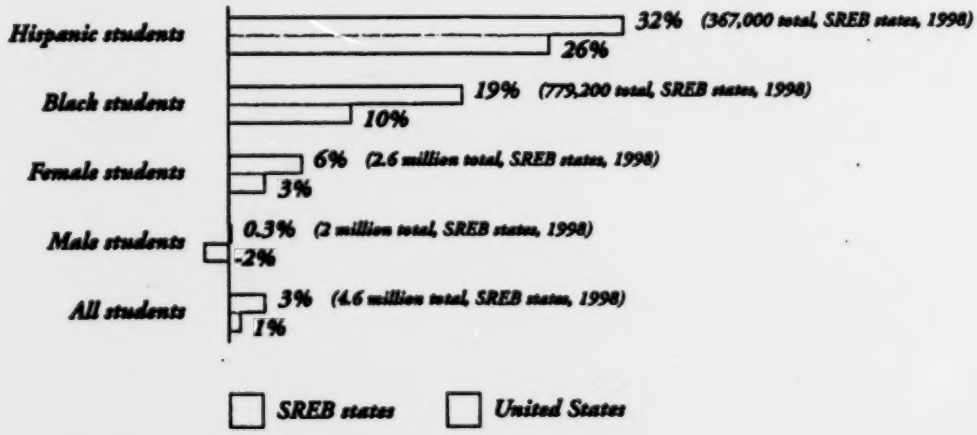


Source: National Center for Education Statistics

Thirty-eight percent of all college students and 44 percent of undergraduate students in the SREB region attended two-year colleges in 1998. These proportions were slightly lower than they were six years earlier. This relative stability regionwide concealed considerable variation among the states. Seven SREB states (Arkansas, Delaware, Louisiana, Mississippi, South Carolina, Texas and West Virginia) enrolled higher percentages of their undergraduate students in two-year colleges in 1998 than six years earlier. In some of the other SREB states, the percentages were dramatically lower in 1998 than in 1992. For example, the percentages in Alabama, Florida and Georgia were four to six percentage points lower in 1998 than in 1992. In Georgia, the change represented a shift of 14,300 undergraduates from two-year to four-year colleges.

Among students at two-year colleges in the SREB states, 97 percent attended public colleges; 75 percent of students at four-year colleges attended public colleges. Women accounted for about 59 percent of all students at two-year colleges in 1998 — up from 58 percent in 1992. Almost half (45 percent) of first-time freshmen began college at two-year institutions. This percentage changed very little in the 1990s. However, nationwide the percentage of first-time freshmen attending two-year colleges fell from 49 percent to 44 percent between 1992 and 1998.

Percent Change in College Enrollment, 1992 to 1998



Source: National Center for Education Statistics

Among four-year colleges and universities in the SREB region and nationwide, enrollment at private or independent colleges and universities increased faster than at public colleges and universities. For example, public four-year colleges increased enrollment by 43,400 — for a total of 2.8 million in the SREB region in 1998. During that same time, enrollment at private colleges increased by 88,300 — for a total of 701,900. Higher percentages of undergraduate, graduate and professional-program students in the SREB region attended private colleges and universities in 1998 than in 1992. The shift at the graduate level was the most striking. In 1998, 76 percent of all graduate students in the SREB region attended public universities — down from 79 percent in 1992. This shift means that public colleges gained 14,400 graduate students from 1992 to 1998, while private colleges gained 23,800 graduate students. The percentages of graduate students at public colleges increased in the 1990s in three SREB states (Alabama, Mississippi and Virginia).

Undergraduate students make up 87 percent of the college students in the SREB region, and 85 percent of undergraduate students attend public colleges and universities. However, between 1992 and 1998, the percentages of undergraduate students in public colleges declined in all but two SREB states (Arkansas and Mississippi). From 1992 to 1998, undergraduate enrollment was basically steady nationwide but grew by about 3 percent in the SREB region. In 1998, first-time freshmen accounted for about 19 percent of undergraduate enrollment — up from 17 percent in 1992.

Part-time students

In the SREB region, part-time students made up 27 percent of all students at four-year colleges and universities in 1998. In the region's two-year colleges, 60 percent of the students attended part time. The percentage of all students attending part time declined since the 1980s. Between 1992 and 1998, the percentage of part-time students who were women remained about the same — about 60 percent.

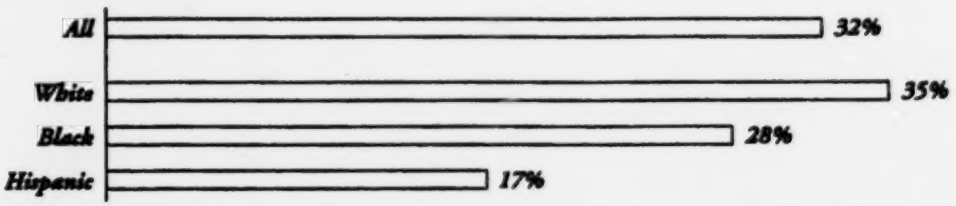
Female students

From 1992 to 1998, the number of women enrolling in colleges and universities increased by 6 percent in the SREB region and by 3 percent in the nation. By 1998, women made up 57 percent of the SREB region's college students — 57 percent of undergraduates, 58 percent of graduate students and 42 percent of students in professional programs. Higher percentages of women in SREB states were enrolled at the undergraduate and graduate levels than were enrolled nationally. At the professional-program level, however, the national rate was two percentage points higher. If the percentage of women in professional programs — such as law and medicine — continues to increase as fast as it did from 1992 to 1998, by 2006 women will outnumber men in professional programs as well as in undergraduate and graduate education.

Black students

The number of black students in the SREB region increased dramatically faster than did total enrollment. While enrollment of black students increased by 19 percent — almost 122,500 more black students in the region — between 1992 and 1998, total enrollment increased by 3 percent. In 1998, black students accounted for 18 percent of the region's total college attendance — up from 15 percent in 1992. By comparison, black graduates accounted for 22 percent of the region's high school graduates in 1998. More than 18 percent of undergraduate students and 13 percent of graduate students were black. In professional programs, the percentage of black students reached 10 percent in the SREB region by 1998. A smaller proportion of black students (26 percent) attended historically

College Enrollment Rates of 20- to 24-year-olds by Racial/Ethnic Group, ***United States, 1999***



Source: U.S. Bureau of the Census

black colleges and universities than in 1992, when the figure was 30 percent. (In the mid-1970s the figure was nearly 39 percent.) In the SREB region, 64 percent of black students were women, compared with 63 percent in the nation.

Hispanic students

The number of Hispanic students in college increased rapidly in the SREB region and in the nation. Almost 1.2 million Hispanic students attended the nation's colleges and universities in 1998 — 9 percent of the total enrollment. Almost 367,000 Hispanic students attended colleges and universities in the SREB region, with large concentrations in Florida (16 percent of total enrollment) and Texas (23 percent of enrollment). More than half (54 percent) of the Hispanic students in the SREB states were enrolled in two-year colleges. Women accounted for 57 percent of the region's Hispanic students. Despite these gains, in 1999 the college-going rate of Hispanic 20- to 24-year-olds (17 percent) lagged behind those of blacks (28 percent) and whites (35 percent).

Students in health professions

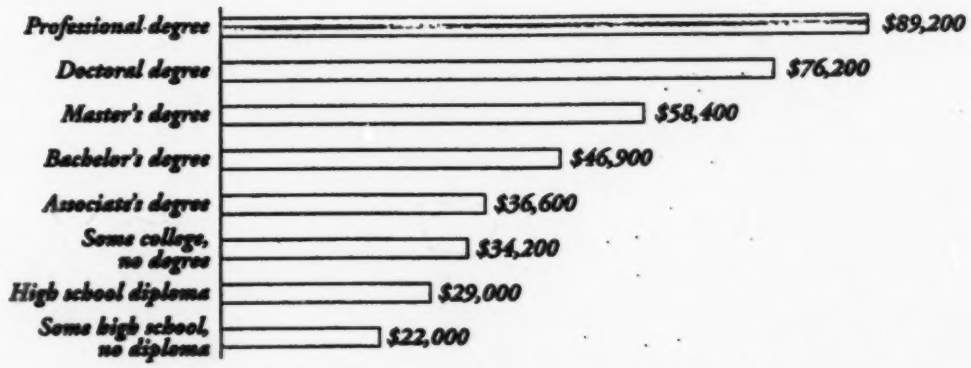
In the SREB region and nationwide, enrollment in medical schools (M.D. programs) changed less than 1 percent between 1995 and 2000. In 2000, almost 21,200 students attended medical schools in the SREB region. Women accounted for a greater percentage of these students in 2000 (42 percent) than in 1995 (39 percent). Enrollment in osteopathic medical schools (D.O. programs) in the SREB region grew by 24 percent — to more than 1,900 students in 2000.

Between 1990 and 1996, the numbers of students in registered nursing programs grew by about 8 percent in the SREB region and in the nation. The differences among states were considerable. Registered nursing enrollments rose by about 25 percent or more in Alabama and Maryland. The increases were between 10 percent and 20 percent in Delaware, Florida, Georgia, Louisiana and Virginia. Six states (Kentucky, Mississippi, North Carolina, Oklahoma, Texas and West Virginia) had increases of less than 10 percent. However, in light of nursing shortages that loom in many states, some recent trends are cause for concern. Three states experienced reductions: Arkansas, 19 percent; South Carolina, 2 percent; and Tennessee, 12 percent. The enrollment of registered nurses in master's degree programs rose by 33 percent regionally — to more than 10,100. The national increase was 43 percent.

College degrees, earnings and competition for jobs

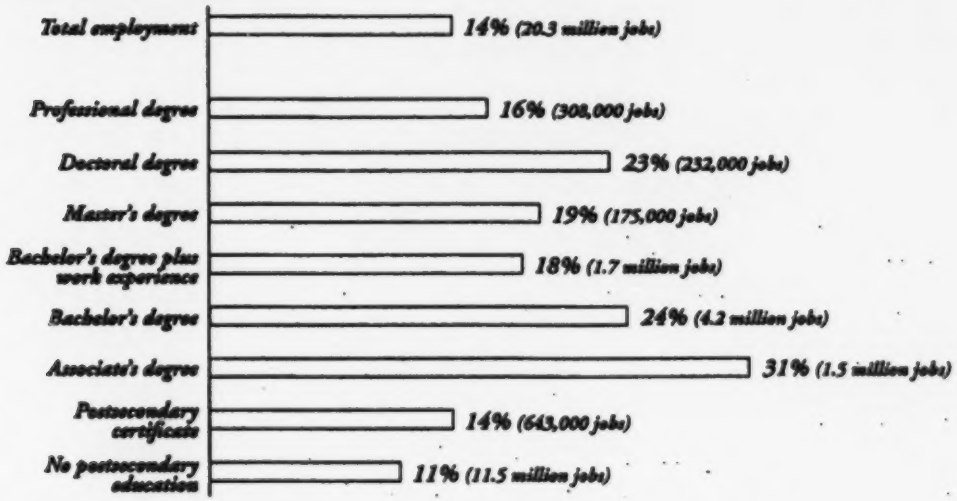
There are high school graduates who earn more than college graduates do — sometimes even more than those with advanced degrees do. But such cases are exceptions, not the rule. The average annual incomes of full-time, year-round workers with different levels of education dramatically confirm the economic value of a college degree. Those with bachelor's degrees earn 1.6 times more than do people with high school diplomas — $17,900 more each year. Those with associate's degrees earn 1.3 times more than high school graduates earn. People with professional degrees, such as law and medical degrees, earn almost twice as much annually as those with bachelor's degrees earn. High school graduates earn 1.3 times more than do those who attended high school but never graduated or never received equivalency certificates.

Median Annual Incomes of Adult, Full-Time, Year-Round Workers, *United States, 1999*



Source: U.S. Bureau of the Census

Projected Job Growth by Level of Education Required,
United States, 1998 to 2008

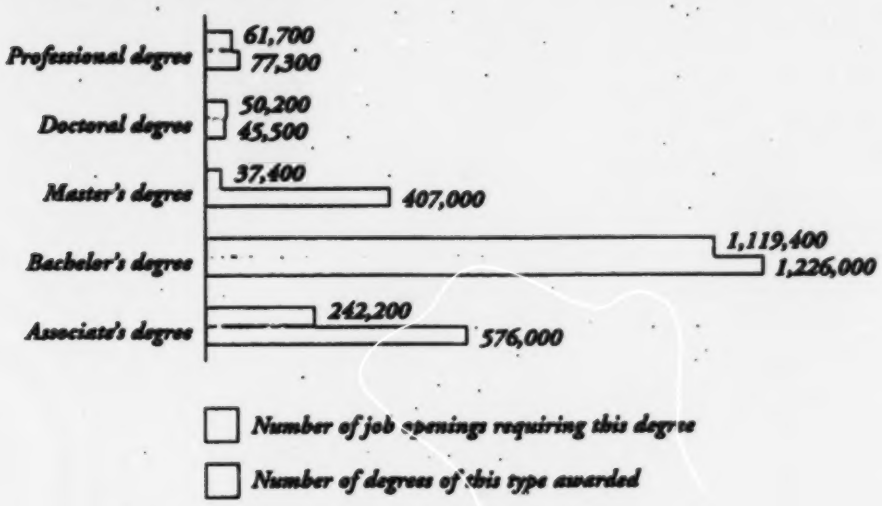


Source: U.S. Bureau of Labor Statistics

In the coming decade, job openings that require college degrees are expected to grow faster than jobs that require no degrees, according to the latest forecast. Jobs that require bachelor's degrees and no work experience are projected to increase by 24 percent (4.2 million jobs), and those that require work experience in addition to bachelor's degrees are projected to increase by 18 percent (1.7 million jobs). Those that require associate's degrees are projected to increase by 31 percent (1.5 million jobs). Total job openings are expected to increase by about 14 percent. Of the 20.3 million new jobs projected by 2008, 8.8 million require a postsecondary certificate or degree of some sort; 11.5 million do not require postsecondary education.

Competition for these jobs can be expected to increase. The average annual number of bachelor's degrees awarded is projected to be 1.2 million a year. For people with bachelor's degrees, job openings (including both growth and net replacement needs) are projected to be 1.1 million a year. The supplies of associate's degrees and master's degrees are projected greatly to exceed demand. But both types of degrees often are pursued for career transitions or advancement. For example, about 29 percent of all master's degrees regionally (27 percent nationwide) are awarded in the field of education. For most of these individuals, their jobs do not require master's degrees, but they can advance or receive pay raises if they earn such degrees.

Projected Average Annual Job Openings and Degree Output, *United States, 1998 to 2008*



Sources: U.S. Bureau of Labor Statistics and National Center for Education Statistics

Graduation rates

Of all students seeking bachelor's degrees who entered public four-year colleges and universities in the SREB states in the fall of 1993, 45 percent completed their bachelor's degrees within six years. The highest graduation rate (58 percent) was found in the colleges and universities that awarded the largest number of advanced degrees (doctorates and master's degrees) in the greatest variety of disciplines. The lowest rate (30 percent) was found in colleges and universities that awarded few advanced degrees in few fields. A major reason for variation in graduation rates, both among states and among types of colleges, is variation in admissions standards. Colleges and universities with selective admissions policies typically have higher graduation rates than do colleges and universities with "open-door" admissions policies.

The graduation rate of 45 percent does not mean that the other 55 percent of degree-seeking students dropped out of school before earning bachelor's degrees. Of the 55 percent who did not earn bachelor's degrees in six years, 6 percent still were enrolled at their original institutions. Another 17 percent had transferred to other institutions. (Transfer rates are understated because a lot of documentation is required in order for a school to report a transfer.)

Associate's degrees

Almost all (86 percent regionally and 82 percent nationally) associate's degrees are awarded by public colleges and universities. In 1998, the total number of associate's degrees awarded at public and private colleges in the SREB region was about 172,300 — 20,600 more than five years earlier. The region's increase represents 38 percent of the growth nationwide. Between 1993 and 1998, the rate of increase in the SREB region was 14 percent, compared with a national increase of 11 percent. In the SREB region, women earned 62 percent of the associate's degrees; nationally, they earned 61 percent of these degrees.

Over the same period, the percentage of associate's degrees earned by black students in the SREB region rose from 12 percent of the total to 15 percent. Nationally, the proportion earned by black students rose from 9 percent to 10 percent of the total. In 1998, Hispanic students earned 8 percent of the associate's degrees both in the SREB region and in the nation. Increases in degrees awarded to black and Hispanic students accounted for more than half of the SREB region's total increase. The vast majority of the Hispanic students earning associate's degrees were in Florida and Texas. Hispanic students made up 13 percent of those earning associate's degrees in Florida and 22 percent in Texas.

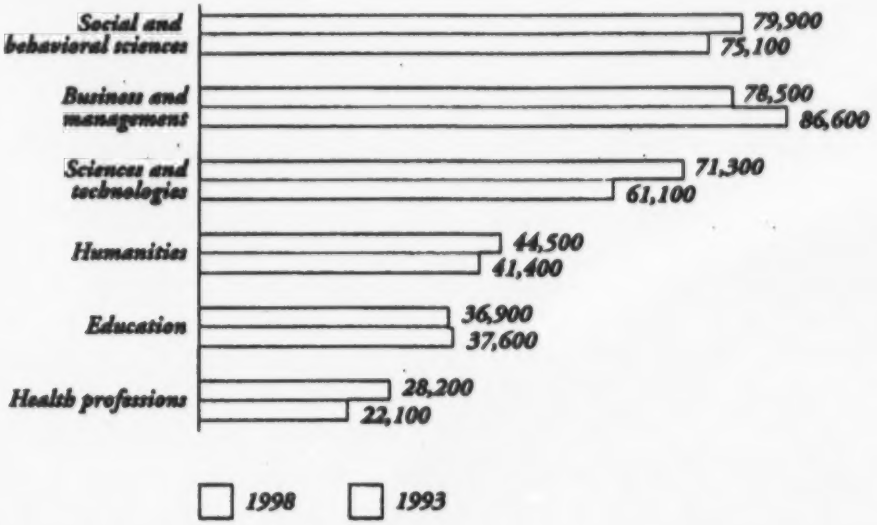
Bachelor's degrees

Virtually all of the nation's growth in bachelor's degrees in the 1990s occurred in the SREB states. Three-fourths of the SREB region's and two-thirds of the nation's bachelor's degrees are awarded by public colleges and universities. In 1998, almost 1.2 million bachelor's degrees were awarded in the United States — 2 percent more than five years earlier. The increase was 6 percent in the SREB region. For the first time in history, women earned more than half of the bachelor's degrees awarded in 1982. By 1998, women earned 57 percent of bachelor's degrees in the SREB region and 56 percent of those in the nation. The numbers of men earning bachelor's degrees have been falling since 1994 regionally and since 1993 nationally. Fewer men received bachelor's degrees in 1998 than in 1994 in seven SREB states (Alabama, Maryland, Mississippi, North Carolina, South Carolina, Virginia and West Virginia).

The increase in the number of bachelor's degrees earned by black students in the SREB region outpaced the region's overall growth rate in bachelor's degrees awarded. Bachelor's degrees earned by black students increased from 12 percent of the total in 1993 to 14 percent in 1998. Nationwide, black students earned 9 percent of the bachelor's degrees, compared with 7 percent in 1993. That national increase represents another 19,000 black students earning bachelor's degrees — more than 11,400 of whom were in the SREB states. Predominantly or historically black colleges and universities, which enroll about one-third of the black students, awarded 45 percent of the bachelor's degrees earned by black students in the SREB region in 1998 — down from 49 percent in 1993. The 1990s was the first decade in which most black students earned their bachelor's degrees at predominantly white institutions.

By 1998, Hispanic students' share of bachelor's degrees had increased to 6 percent regionally and nationally. In every SREB state except Florida (13 percent) and Texas (17 percent), Hispanic students earned less than 3 percent of the bachelor's degrees.

Bachelor's Degrees Earned by Field, *SREB States*



Source: National Center for Education Statistics

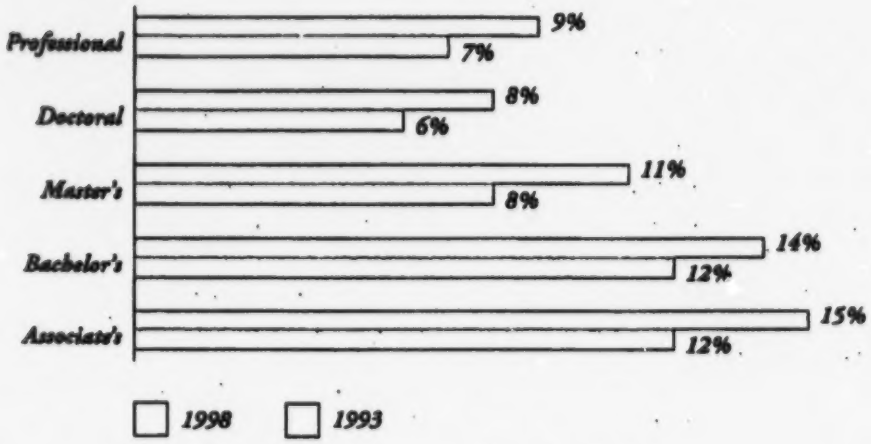
Between 1993 and 1998, the numbers of bachelor's degrees awarded in education decreased by 2 percent regionwide and nationwide, reflecting the growing emphasis on the need for prospective teachers to have majors in arts and sciences. Over the same period, the numbers of degrees awarded in allied health and health sciences increased dramatically — by 28 percent in the SREB region and 26 percent in the nation.

The SREB region's increase outpaced the national increase in degrees in sciences and technologies. While the national increase was 11 percent, the regional increase was 17 percent. Increases were about 20 percent or greater in Florida, Georgia, Louisiana, Maryland and North Carolina. Increased numbers of bachelor's degrees in three fields of study (agricultural business and production; agricultural sciences; and conservation and renewable natural resources) accounted for most of the SREB states' lead.

Degrees in business and management fell by 9 percent in the SREB region and 10 percent in the nation. Between 1993 and 1998, bachelor's degrees in humanities increased by 7 percent in the SREB states, compared with a decrease of 1 percent in the nation. This regional lead was the result of a 26 percent increase in liberal arts, general studies and humanities degrees, while the national number of such degrees remained stable over those five years. The SREB states' increases in foreign languages and literature degrees and in theological studies and religious vocations degrees also were above the national average increases.

In social and behavioral sciences degrees, the SREB region had an increase of 6 percent, compared with the national growth rate of 3 percent. The SREB region's leads over the national increases were greatest in the fields of home economics and psychology. In contrast, the SREB states had much lower growth (12 percent) in protective services than did the nation (20 percent).

Percent of Degrees Earned by Black Students,
SREB States



Source: National Center for Education Statistics

Master's degrees

Nearly three-fourths (73 percent) of the SREB states' total number of master's degrees were awarded by public universities, compared with 55 percent of the master's degrees awarded nationwide. During the 1990s, the number of master's degrees awarded in the SREB region grew by 21 percent, compared with a national growth rate of 17 percent. In 1998, women earned 58 percent of the master's degrees in the SREB region and 57 percent in the nation — up from 55 percent and 54 percent, respectively, in 1993. In the SREB region, women first earned more than half of the master's degrees in the early 1980s. While the proportion of women earning master's degrees has increased, the number of men earning such degrees also has continued to grow.

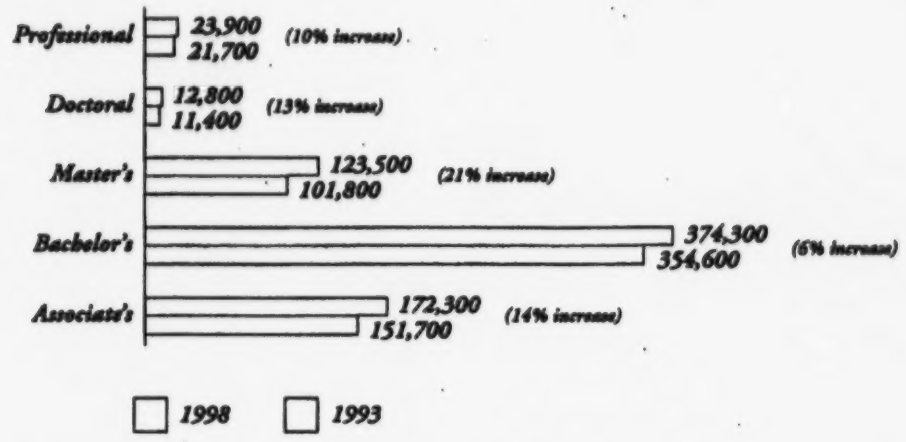
The number of black students earning master's degrees has increased significantly. Black students received 11 percent of the master's degrees awarded in the SREB region and 8 percent of those awarded in the United States in 1998, compared with 8 percent regionally and 6 percent nationally five years earlier. By the late 1990s, Hispanic students earned almost 5 percent of the master's degrees in the SREB region and 4 percent in the nation.

The numbers of master's degrees increased in all broad fields of study from 1993 to 1998. Education continued to account for the largest percentage of master's degrees awarded — 29 percent of master's degrees in the SREB region in 1998. Allied health and health sciences saw the largest increases. The numbers of master's degrees in that field increased by 58 percent in the SREB region and 53 percent in the United States.

Doctoral degrees

Between 1993 and 1998, the numbers of doctoral degrees awarded grew by 13 percent in the SREB region and by 9 percent in the nation. In the SREB states, public universities awarded 78 percent of the doctoral degrees in 1998; in the nation, public universities awarded 65 percent of the doctoral degrees. By 1998, women earned 42 percent of the doctorates in the region — up from 39 percent in 1993. The number of men earning doctorates has been falling since 1996 in the SREB region; nationally, the number has fallen and bounced back during that time. Black students earned 8 percent of the doctoral degrees awarded in the SREB region and 6 percent of all doctoral degrees in the country — up about two percentage points in both cases.

Degrees Earned, Public and Private Colleges,
SREB States



Source: National Center for Education Statistics

In 1998, students from foreign countries earned about 23 percent of the doctoral degrees awarded in the SREB region and 25 percent of those awarded in the nation. While these percentages are lower than they were in 1993, foreign students accounted for more than half of the doctoral degrees in some fields, such as engineering.

From 1993 to 1998, the numbers of doctorates earned in the field of humanities rose by 28 percent in the SREB region and by 18 percent in the nation. The regional increase in social and behavioral sciences was 24 percent, compared with a national increase of 15 percent. The numbers of doctoral degrees awarded in education declined by 2 percent in the SREB region and by 4 percent in the nation.

The most dramatic increases were in allied health and health sciences doctorates — 20 percent regionally and 41 percent nationally. The SREB states' increase in doctorates (Ph.D.s, not M.D.s) in basic medical sciences was 41 percent — far below the national increase of 58 percent. The SREB states also did not see as great an increase in the number of doctorates in nursing as did the nation — 3 percent and 17 percent, respectively. Such a difference could cause shortages in the supply of nursing faculty in the SREB region.

However, the SREB region had a greater increase in the number of doctorates in sciences and technologies (15 percent) than did the nation (6 percent). In the three largest subcategories — engineering, biological sciences and physical sciences — the SREB states led the nation. These three fields accounted for 81 percent of the region's science and technology doctorates. In the key technological area of engineering, the SREB region increased doctorates by 12 percent, compared with a national increase of 3 percent. Eleven SREB states (Alabama, Arkansas, Florida, Georgia, Louisiana, Maryland, Mississippi, Oklahoma, South Carolina, Texas and West Virginia) increased doctoral production in engineering. Only half of the states outside of the SREB region had increases.

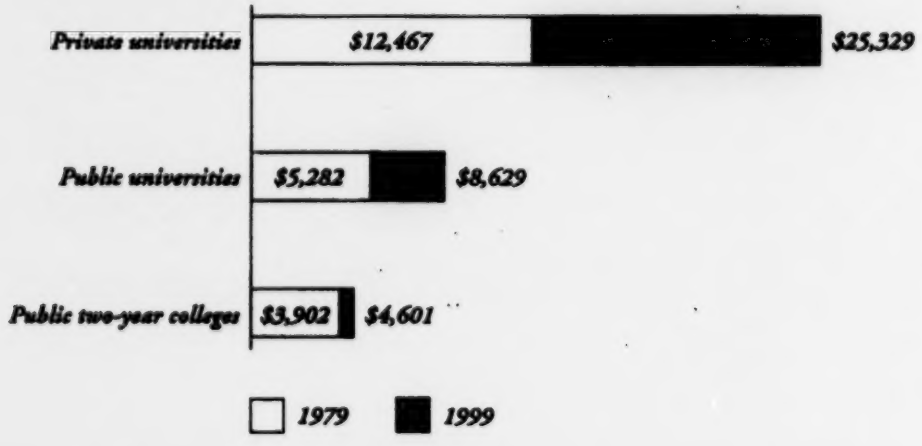
First-professional degrees

Between 1993 and 1998, the number of first-professional degrees in fields such as law, medicine and dentistry rose by 10 percent regionally and 5 percent nationally. In the SREB region, 53 percent of these degrees were awarded by public universities, compared with 40 percent of those awarded in the nation. By 1998, women earned 42 percent of first-professional degrees regionally and 43 percent nationally. The regional and national numbers of men earning professional degrees generally have been decreasing, with some fluctuation, since 1995. In 1998, black graduates accounted for 9 percent of those earning professional degrees in the SREB region and 7 percent of those earning professional degrees in the nation. Hispanic students earned 4 percent of first-professional degrees in the SREB region and 5 percent of these degrees in the nation.

Tuition and fees

However you measure it, today's students pay more for college than their parents paid. When the annual cost of attending public universities is adjusted for inflation, students pay 63 percent more ($3,300 in 1999 dollars) than students paid 20 years ago. The increase at public two-year colleges was 18 percent ($700 more). The annual cost at private universities increased by more than 100 percent ($12,800) over the last 20 years.

Average Annual Cost of Attending College,
United States (adjusted for inflation)



Note: The annual cost of attendance includes tuition and mandatory fees, housing, meals, books, supplies and transportation.

Source: National Center for Education Statistics

Although tuition and fees are not the total cost of attending college, they are a major part of it. They also are the part affected most by states' policy decisions. Other expenses — such as housing, meals, books, supplies and transportation — account for about 58 percent of the total cost to students at public four-year colleges and universities, about 71 percent at public two-year colleges and about 28 percent at private universities.

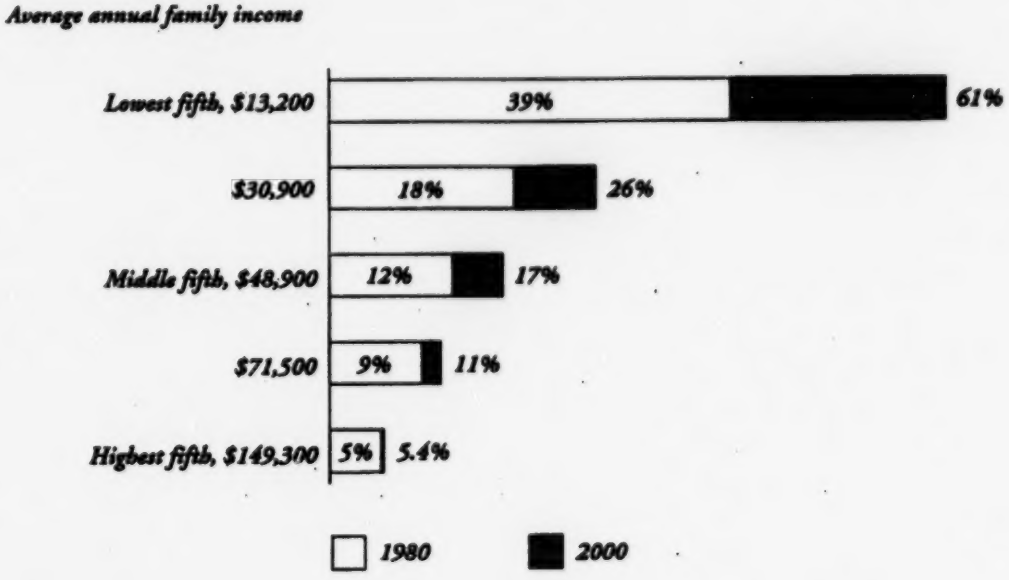
In 2000, the median annual tuition and required fees for full-time in-state undergraduate students at public four-year colleges or universities was about $3,100 nationwide and $2,500 in the SREB states. When costs are adjusted for inflation, in-state students were paying 14 percent more nationally and 24 percent more in the SREB states in 2000 than they paid five years earlier. In 2000, out-of-state undergraduate students attending public four-year colleges and universities paid 2.8 times more than in-state students nationwide and 3.2 times more regionwide. Among the SREB states, the cost differences ranged from almost five times more than in-state students pay in North Carolina to about twice as much in Alabama, Arkansas and Mississippi.

College attendance costs

One good way to measure how these price increases affect students and families is to compare tuition and fees with overall median family incomes. The 2000 national median tuition and fees at public four-year colleges and universities for in-state students amounted to 7.7 percent of the median family income — the same as in 1995. In the SREB states, tuition and fees accounted for 7.2 percent of family income — up from 6.6 percent five years earlier. Among SREB states, tuition and fees at public four-year colleges and universities ranged from 10.5 percent of median family income in Arkansas to about 5 percent of median family income in North Carolina. From 1995 to 2000, tuition and fees became larger percentages of median family incomes in 10 SREB states (Alabama, Arkansas, Delaware, Florida, Georgia, Maryland, North Carolina, Oklahoma, Tennessee and Texas). In half of the SREB states (Alabama, Arkansas, Delaware, Maryland, Mississippi, South Carolina, Virginia and West Virginia), tuition and fees accounted for larger percentages of median family incomes than the national average in 2000.

For families with the lowest annual incomes, the effect of rising costs of attending college was dramatic, and the effect for middle-income families was sizable. For families in the lowest fifth of incomes (earning an average of about $13,200 in 1999), one year's attendance at a public four-year college or university would have taken 39 percent of their annual income in 1980. In 2000, it would have taken 61 percent — more than three times the percentage of income such families spent for food. For families with average annual earnings of about $30,900, the cost burden of college increased by eight percentage points — to 26 percent of income. The cost burden for the middle fifth of the population (families earning about $48,900) rose by five percentage points — to 17 percent of annual income. Increased college costs had much less impact on those in the

Percent of Income Required to Pay for One Year,
Public Four-Year College or University, United States (adjusted for inflation)



Source: The College Board

higher income brackets. For those earning about $71,500, the increase was two percentage points — to 11 percent of income. For those in the highest bracket (earning an average of $149,300 a year), one year's attendance at a public four-year college or university changed less than one percentage point — from 5 percent of income in 1980 to 5.4 percent in 2000, half of what they spent for food (11 percent). The reason for this disparity is that incomes grew much more for the higher income brackets over the last 20 years. Incomes for the lowest two income brackets rose by 3 percent and 11 percent, while incomes for the top two brackets rose by 24 percent and 51 percent.

Student financial aid

Students who receive financial aid increasingly get loans instead of grants. When figures are adjusted for inflation, there was $836 in loans for every full-time-equivalent student in the country in 1979. By 1999, there was $3,473 in loans per full-time-equivalent student — an increase of 315 percent. Over the same period, the amount in grants per full-time-equivalent student rose by 6 percent — from $2,369 to $2,506.

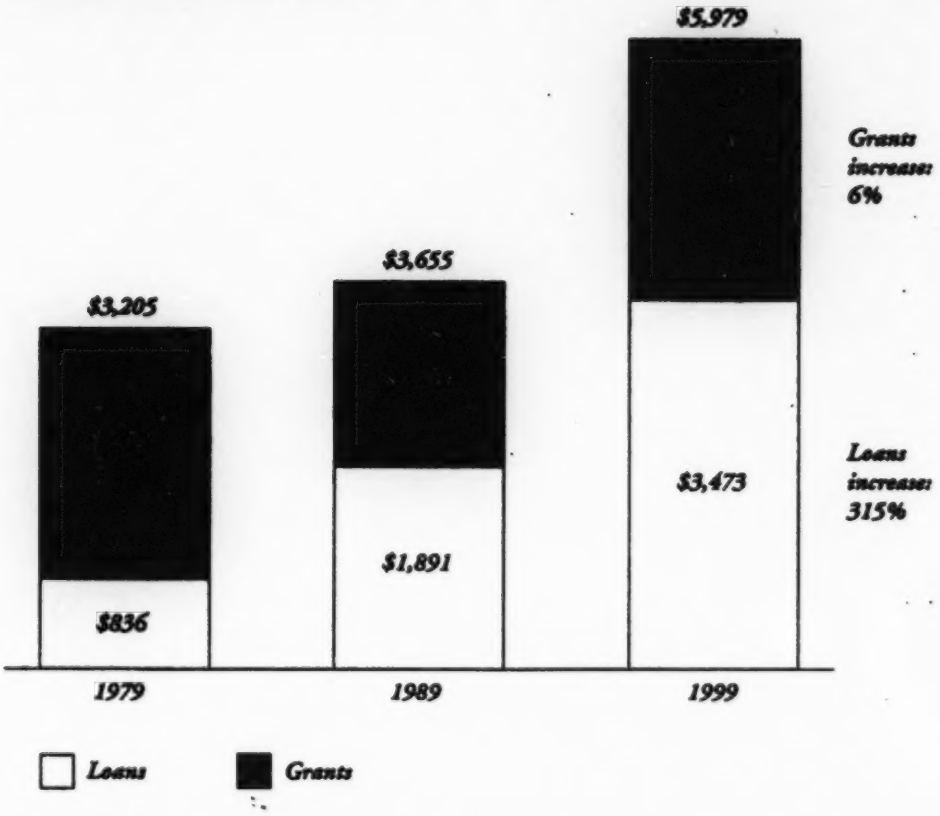
In 1999, $64.1 billion in student financial aid was available in the United States, and 72 percent of it came from federally sponsored aid programs. Even when adjusted for inflation, this figure is 139 percent greater than the amount available in 1979.

In 1999, college students in the SREB states received almost $2.5 billion in federal Pell Grants — an increase of 38 percent over the amount in 1994. During that time, the number of students getting Pell Grants (1.3 million) grew by 5 percent in the SREB region. The federal Pell Grant program is the largest need-based financial-aid program for students.

Despite increased funding, the buying power of a Pell Grant has fallen significantly in the last 20 years. In 1979, the maximum Pell Grant — available to only the neediest students — covered 95 percent of the cost of attending a public two-year college, 70 percent of the cost of attending a public four-year college or university, and 30 percent of the cost of attending a private college or university. By 1999, those figures were 65 percent, 35 percent and 12 percent, respectively.

Student Financial-Aid Spending Per Full-Time-Equivalent Student,

United States (adjusted for inflation)

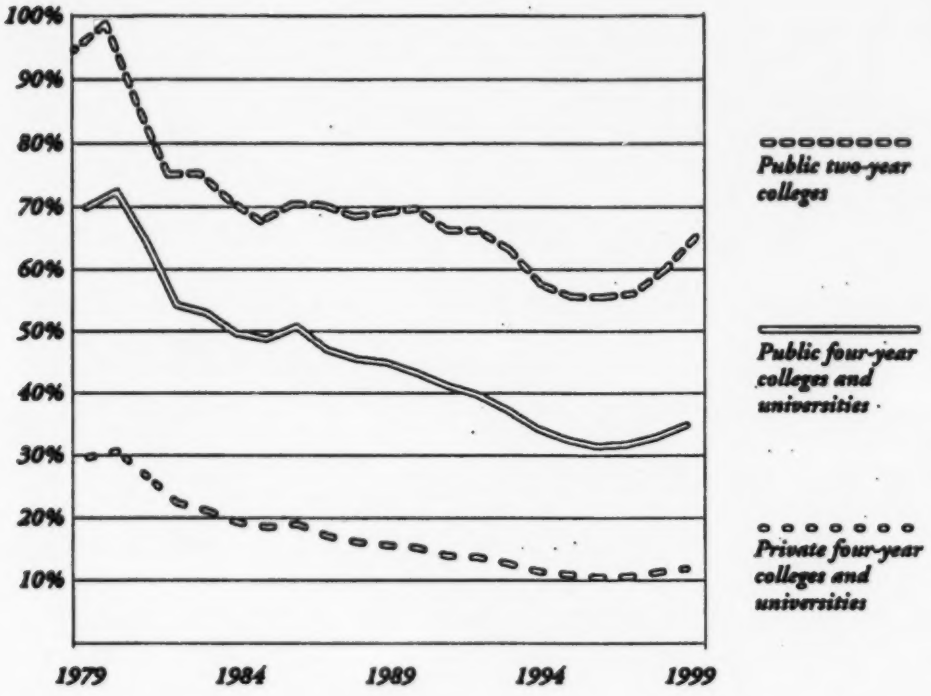


Sources: The College Board and National Center for Education Statistics

Other federal financial-aid programs for students provide large sums of money. In 2000, students in the SREB region received $246 million through the federal College Work/Study Program, $239.2 million through the Perkins Loan Program and $232.1 million through the Supplemental Educational Opportunity Grant program.

Federal student loan programs are the largest source of student financial aid, supplying more than $10 billion to students in the SREB region in 1999.

Percent of College Costs Covered by Maximum Federal Pell Grant,
United States



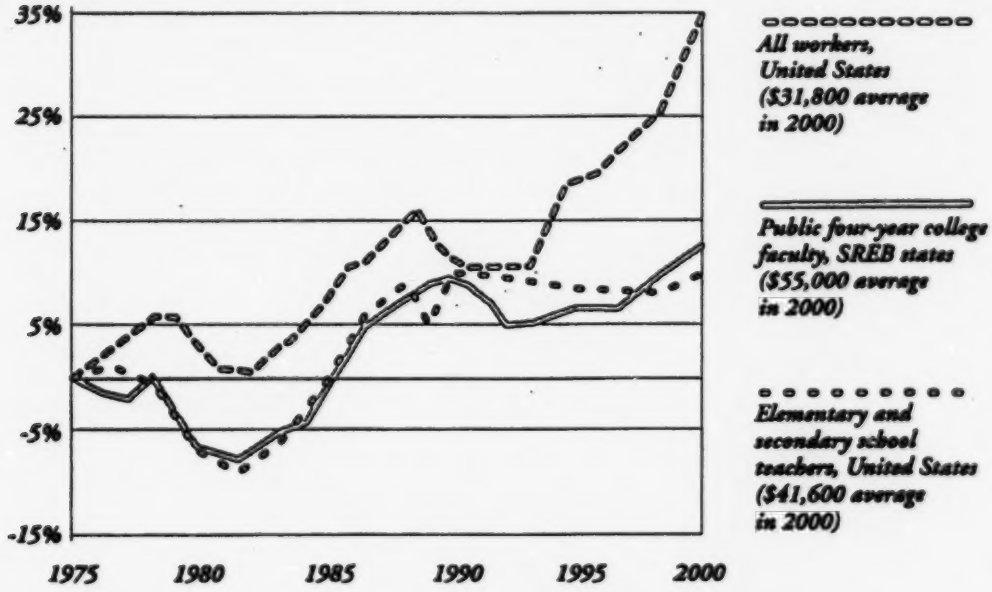
Source: The College Board

In 1999, state scholarships and grants in the SREB region reached almost $1 billion ($944.6 million). The national total of state-administered financial aid was $3.7 billion. State aid to students in the SREB region increased by 71 percent over the last five years, compared with a nationwide increase of 26 percent. The bulk of the region's increase was non-need-based financial aid. In 1999, the SREB states accounted for only about 13 percent of the nation's total amount of state need-based financial aid for undergraduate students. The SREB region accounted for 78 percent of the nation's total amount of state non-need-based aid for undergraduate students in 1999. This fact can be attributed largely to many new HOPE-type (non-need-based) programs in SREB states.

Faculty salaries

Over the last 25 years, faculty salaries have not grown at rates as high as have those for all workers (regardless of level of education). Since 1975, faculty salaries at public four-year colleges and universities in the SREB region increased by 13 percent — about $6,400 (when adjusted for inflation). The national increase in faculty salaries was 9 percent — about $4,900. For elementary and secondary school teachers nationwide, the increase was 10 percent — about $3,900. In contrast, the average increase for all workers nationwide was 35 percent — about $8,200.

Changes in Annual Salaries *(adjusted for inflation)*



Sources: SREB-State Data Exchange, National Center for Education Statistics and National Education Association

These trends mean that, more often than not in the last 25 years, the buying power of faculty and teacher salaries has been falling, while that of most other workers' salaries has been rising. Increases in the average pay for "all workers" were above inflation in 24 of the 25 years. Faculty salary increases at the SREB region's four-year colleges were above inflation in only 16 of those years, and teacher salary increases outpaced inflation in 18 years.

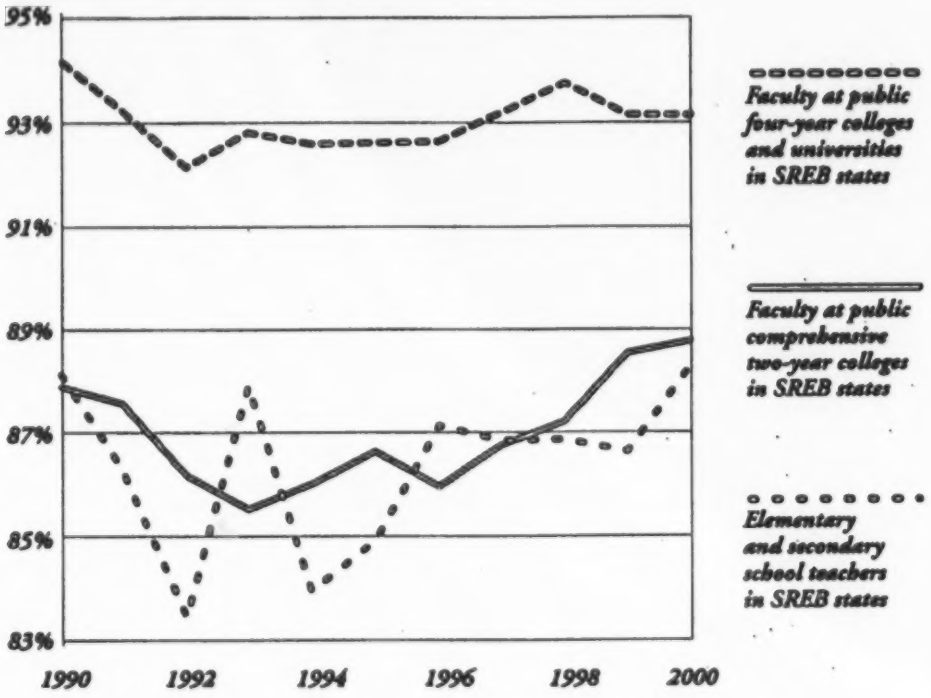
College and university faculty account for about one-third of the nation's most highly educated workers. Eighty percent of the women and men who teach and conduct research at America's public four-year colleges and universities and about 20 percent of faculty at public two-year colleges have earned doctoral degrees or first-professional degrees. In comparison, only 3 percent of the adult population and work force have such degrees.

As a rule, higher levels of education mean higher incomes. People with doctoral degrees have median incomes 1.6 times higher than those of people with bachelor's degrees. Those with professional degrees have incomes 1.8 times higher than those of people with bachelor's degrees.

The income of college faculty is in the top fifth of earnings among occupations such as lawyers, physicians, engineers, financial managers, natural scientists and computer scientists. Faculty salaries have not grown as fast in the last 10 years as have those of other workers with comparable levels of education. For example, physicians and dentists saw their earnings rise 13 percent (adjusted for inflation), compared with 4 percent for faculty at public four-year colleges.

Future demand for highly educated workers can have an important bearing on faculty salaries. The latest employment projections for 1998 to 2008 show that employment overall is expected to increase by 14 percent. Occupations that require a professional degree are forecast to grow by 16 percent, and those that require doctoral degrees (including college teaching) are projected to increase by 23 percent.

Faculty and Teacher Salaries as Percentages of the Respective U.S. Averages

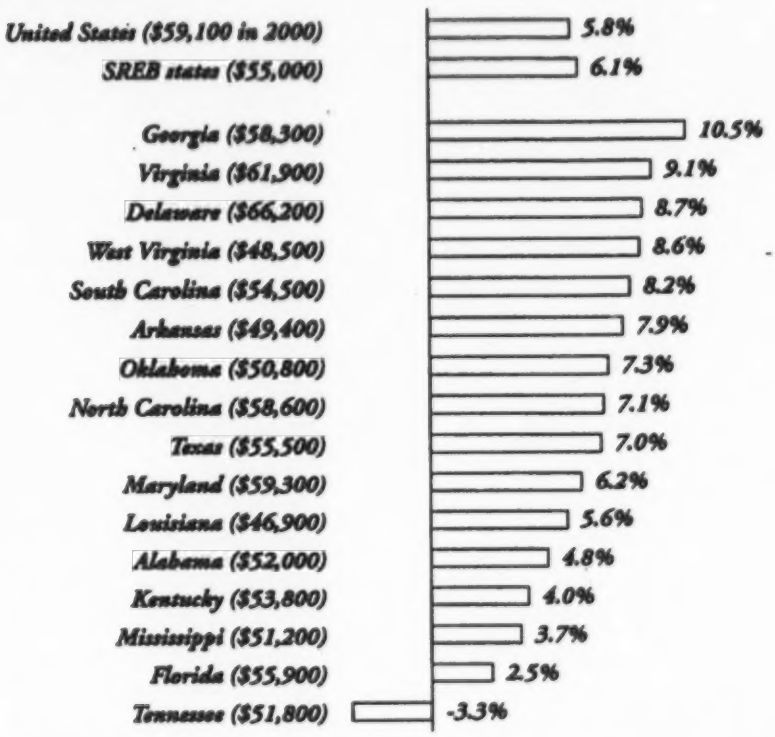


Sources: SREB-State Data Exchange, National Center for Education Statistics and National Education Association

Over the last five years, the SREB region's average salary for faculty at public four-year colleges edged from just below 93 percent of the U.S. average to just above 93 percent of it. Salaries of full-time teaching faculty in public four-year colleges and universities rose 5.8 percent in the nation and 6.1 percent in the SREB region over the last five years (when adjusted for inflation). During that time, the average faculty salaries at public four-year colleges in seven SREB states (Arkansas, Georgia, North Carolina, Oklahoma, South Carolina, Texas and West Virginia) moved closer to the national average. Three SREB states — Delaware, Maryland and Virginia — are at or above the national average. Average salaries for faculty at public four-year colleges in Alabama, Florida, Kentucky, Louisiana, Mississippi and Tennessee lost ground to the national average during the late 1990s.

Average Salaries and Salary Changes, Full-Time Instructional Faculty at Public Four-Year Colleges and Universities, 1995 to 2000

(adjusted for inflation)

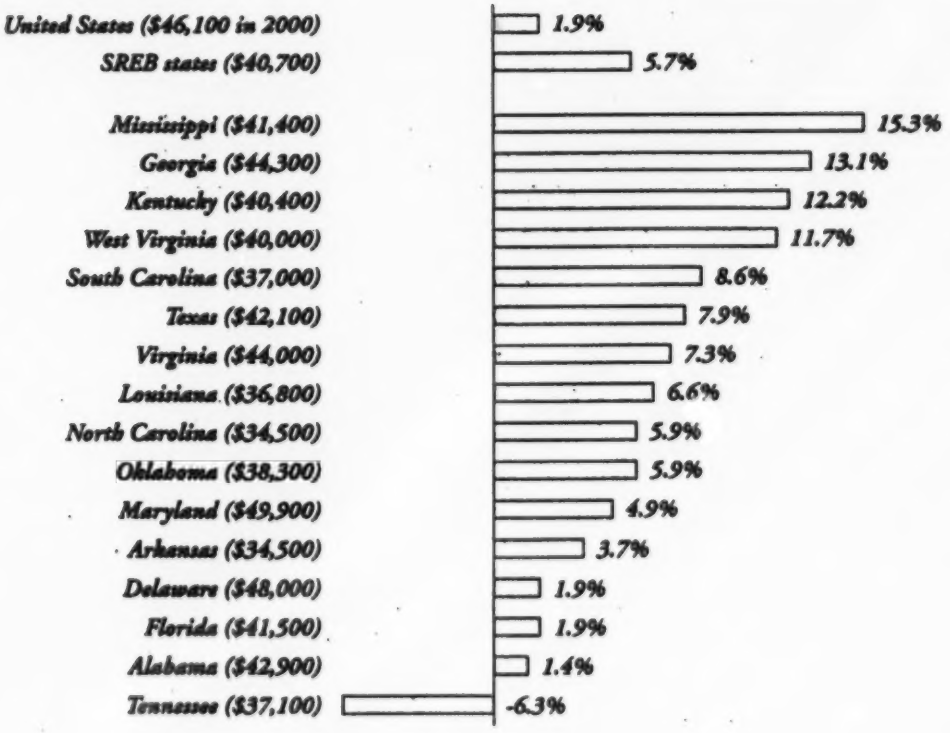


Sources: SREB-State Data Exchange, National Center for Education Statistics and American Association of University Professors

The SREB region's average salary for faculty in public two-year colleges moved closer to the national average over the last five years — 88 percent of the national average in 2000, compared with 85 percent five years earlier. When adjusted for inflation, faculty salaries at comprehensive public two-year colleges rose 2 percent nationally and 6 percent in the SREB region in the last five years. During that time, the average faculty salaries in public two-year colleges in 11 SREB states (Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Texas, Virginia and West Virginia) moved closer to the national average. Delaware held the same position above the national average, and Maryland increased its lead over the national average. Florida held its position below the national average; Alabama and Tennessee slipped further below it.

Average Salaries and Salary Changes, Full-Time Instructional Faculty at Public Two-Year Colleges*, 1995 to 2000

(adjusted for inflation)



* Two-year colleges that award mainly associate's degrees and offer college transfer courses.

Sources: SREB-State Data Exchange, National Center for Education Statistics and American Association of University Professors

Policy-makers and academic leaders also need to keep in mind issues of salary gaps among different groups of faculty. In the SREB region's public four-year colleges and universities, average salaries for assistant professors and instructors (generally younger and less experienced) are closer to the national averages than are salaries for professors and associate professors (generally older and more experienced). Over the last five years, though, the salaries of the "senior" ranks have increased faster than have those of the "junior" ranks. For example, the average salary of assistant professors in the SREB region increased 18 percent, while that of professors increased 21 percent.

Salaries tend to increase as the size and complexity of the university increases. The "all ranks" salary refers to the average for professors, associate professors, assistant professors, instructors and other faculty. In 2000, the "all ranks" salaries ranged from about $45,500 in the SREB region's colleges and universities that award few graduate degrees to about $62,500 at universities that award the most doctoral degrees in the widest range of fields.

Among broad teaching fields (excluding medicine), average salaries are highest for law faculty, followed by business and management, sciences and technologies, social and behavioral sciences, education, humanities, and nursing faculty.

Administrative salaries

Between 1995 and 2000, average salaries for administrators at public four-year colleges and universities in the SREB region gained ground on — and surpassed, in some cases — the national averages. The average annual salary for campus chancellors and presidents in the SREB region rose 43 percent to about $173,400 — about $10,400 above the national average.

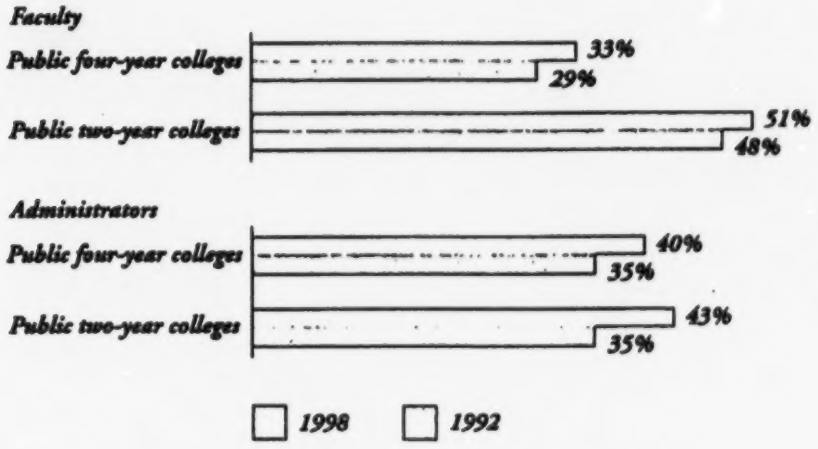
For administrative and academic support staff — such as chief academic officers, chief business officers and chief planning officers — in the SREB region, the average increase was 27 percent, compared with a national average increase of 23 percent. The regional average salary for such positions is about $2,500 below the national average.

For academic deans, the regional average rose 30 percent, compared with 25 percent nationwide. On average, deans in the SREB region now earn $112,400 — about $800 less than the national average.

Profile of faculty and administrators

Women and minorities increased their representation among full-time faculty and administrators at public colleges in the 1990s. In the SREB region in 1998, women accounted for 33 percent of the faculty at public four-year colleges and 51 percent of the faculty at public two-year colleges. More than 40 percent of the administrators at public four-year colleges and more than 43 percent at public two-year colleges were women.

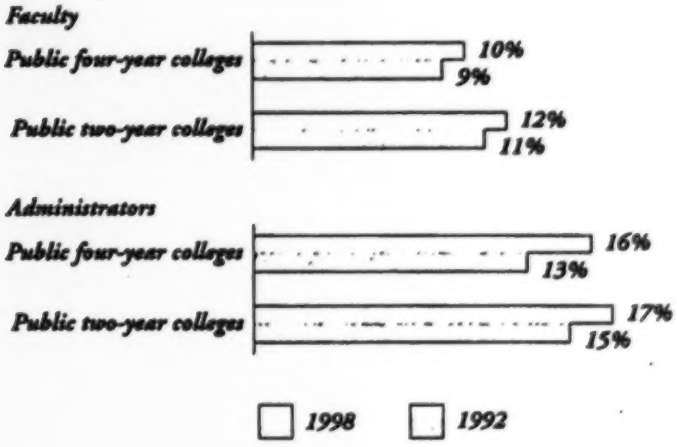
Percent of Faculty and Administrators Who Are Women, *SREB States*



Source: National Center for Education Statistics

In the late 1990s African-Americans and Hispanics accounted for 10 percent of full-time faculty members in public four-year colleges and universities in the SREB states, compared with the national average of 8 percent. These representation rates both increased from rates in the early 1990s of 9 percent and 7 percent, respectively. For public two-year colleges in the late 1990s, African-Americans and Hispanics made up 12 percent of the faculty in SREB states and 10 percent of the faculty nationally — up from 11 percent and 9 percent, respectively. While African-American faculty members in public four-year colleges in the SREB region became less concentrated in predominantly and historically black colleges, these institutions still employed 57 percent of the region's African-American faculty. Nationwide, African-American faculty also became less concentrated in predominantly and historically black colleges — 37 percent, compared with 40 percent five years earlier.

Percent of Faculty and Administrators Who Are Black or Hispanic, *SREB States*



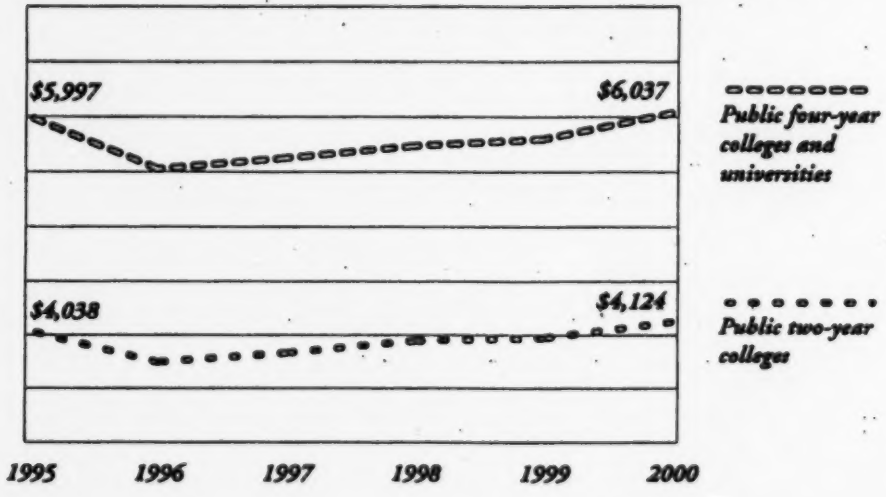
Source: National Center for Education Statistics

In the late 1990s, African-Americans and Hispanics accounted for 16 percent of the administrators at public four-year colleges in the SREB states, compared with 13 percent nationally. Among administrators at public two-year colleges in the SREB region, 17 percent were African-American or Hispanic; nationally, 14 percent were African-American or Hispanic.

Per-student funding adjusted for inflation

Over the last five years, appropriations of state tax funds for colleges and universities and affiliated agencies rose by 36 percent in the SREB region and by 37 percent nationally. Inflation cut these increases by more than half — to 16 percent regionally and nationally. College enrollments in the SREB region also have been growing, far outpacing the national increase. Taking into account the combined effects of inflation and enrollment growth, per-student appropriations rose just $40 at public four-year colleges and universities. At public two-year colleges, which receive significant local appropriations in a third of the SREB states, per-student appropriations adjusted for inflation went up just $86 between 1995 and 2000.

Change in State and Local General Operating Appropriations Per Full-Time-Equivalent Student, *SREB States (adjusted for inflation)*

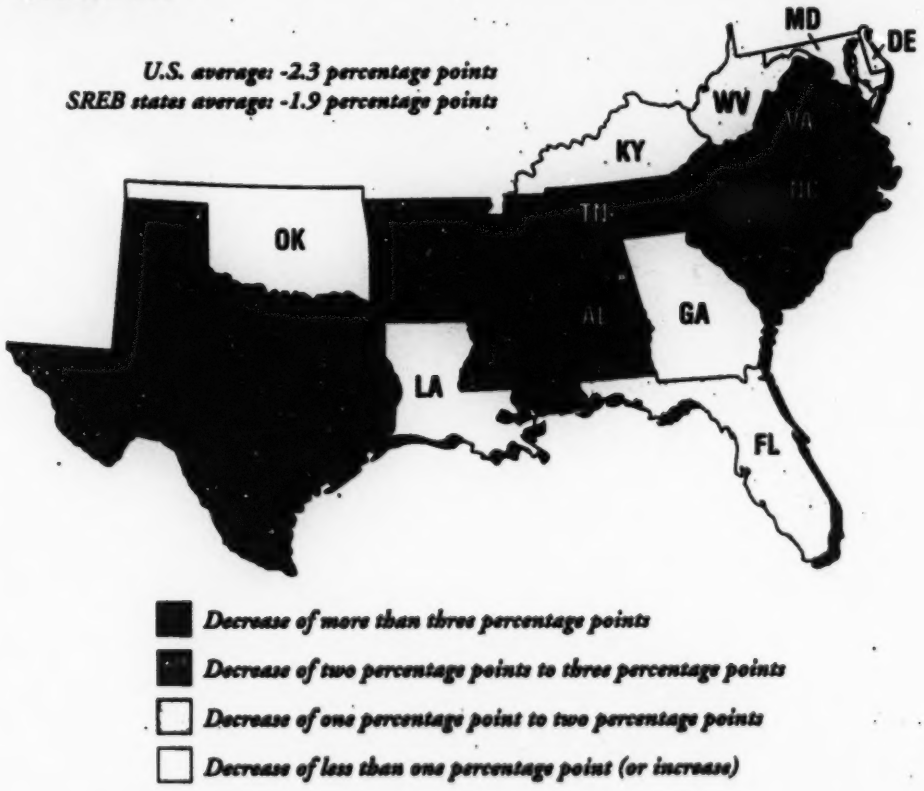


Source: SREB-State Data Exchange

Priority in state budgets

The proportions of state taxes appropriated to colleges and universities and affiliated agencies fell by about two percentage points in the SREB region and nationwide between 1989 and 1999. In the late 1990s, higher education appropriations were 13 percent of state taxes in the SREB states and 11 percent nationally. All SREB states except Louisiana and Oklahoma appropriated smaller proportions of state taxes for higher education and related services in 1999 than they did in 1989.

Change in Percent of State Taxes Appropriated to Higher Education, 1989 to 1999



Sources: Center for Higher Education at Illinois State University and U.S. Bureau of the Census

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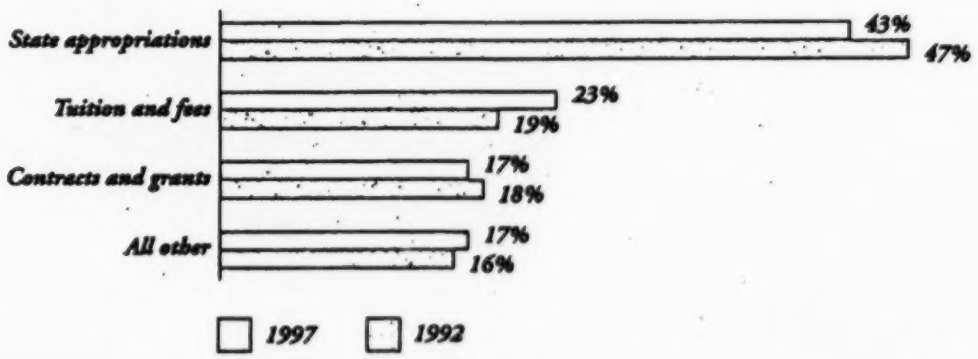
Sources of revenue

Public colleges and universities in the United States are a $107.3 billion enterprise. In 1997, colleges and universities in the SREB region took in $36.7 billion — 38 percent more than five years before. Revenues for the region's public two-year colleges and four-year colleges grew at nearly the same rate.

In the late 1990s, state appropriations and tuition and fees together accounted for about two-thirds of the educational and general operating budgets for public four-year colleges and universities in the SREB region — about the same as five years earlier. However, dollars taken in from tuition and fees grew much faster than did state appropriations. On average in the SREB region, state appropriations fell from 47 percent to 43 percent of public four-year colleges' revenues. Tuition and fees accounted for 19 percent of revenues in 1992 and 23 percent in 1997 in the SREB region.

State and local appropriations to public two-year colleges fell from 58 percent to 56 percent of total educational and general revenues. For two-year colleges, tuition and fees accounted for 21 percent of revenues in 1992 and 30 percent in 1997. These SREB regional trends are similar to national trends.

Funding Sources for Public Four-Year Colleges and Universities, *SREB States*



Source: National Center for Education Statistics

To put these changes in perspective, an increase or decrease of one percentage point in educational and general revenues for the region's public four-year colleges and universities equals more than $293 million. One percentage point for the region's public two-year colleges equals almost $74 million. For public four-year colleges and universities between 1992 and 1997, the change in shares amounted to almost $1.2 billion less from state appropriations and that much more from tuition and fees — about $670 more per full-time-equivalent student. For public two-year colleges, the decline in the state and local appropriations share amounted to almost $147 million less. The change in share of revenues from tuition and fees amounted to more than $661 million — about $531 more per full-time-equivalent student.

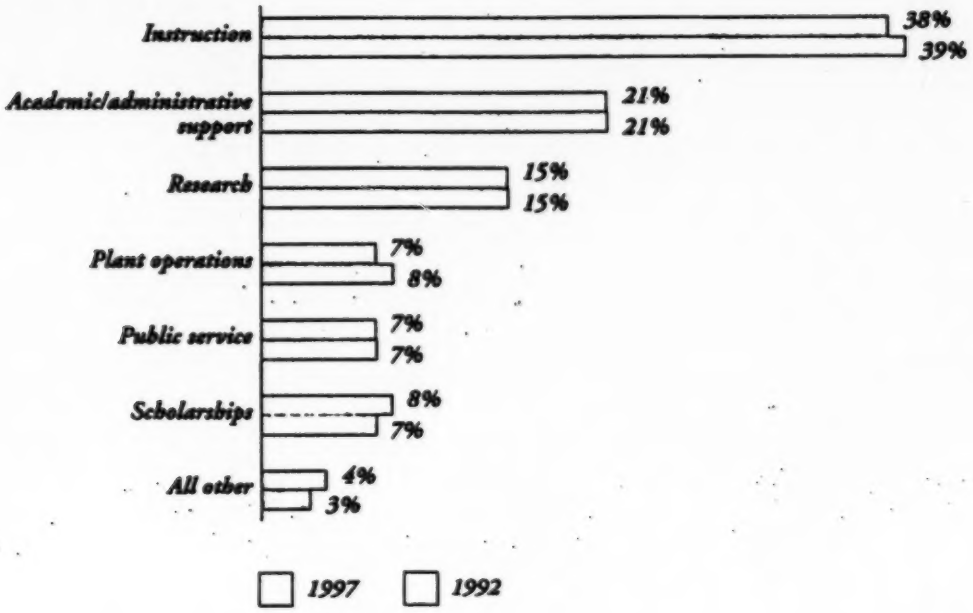
How dollars are spent

About 38 cents of every $1 in educational and general budgets at public four-year colleges and universities in the SREB region is spent on instruction. Academic and administrative support activities — such as counseling centers, libraries and campus administration — account for 21 cents. Research accounts for 15 cents; scholarships and fellowships for 8 cents; and plant operations and public service for 7 cents each.

Spending for instruction, research and public service includes staff salaries, benefits, travel costs, equipment and operating expenses (such as office supplies). Personnel costs account for the largest share of these expenses. About 75 percent of the typical college's budget (either two-year or four-year) goes to salaries and benefits; this amount is divided about equally between faculty and all other staff.

Spending patterns within colleges and universities tend to change slowly over time for the major areas: instruction; research; public service; academic and administrative support; plant operation and maintenance; and scholarships and fellowships. The share of spending for scholarships and fellowships in public four-year colleges and universities in the SREB region rose from 7 percent in 1992 to 8 percent in 1997. The share for instruction fell from 39 percent to 38 percent during that period. In four SREB states (Arkansas, Delaware, North Carolina and Oklahoma), the shares of spending on instruction increased.

Spending Patterns of Public Four-Year Colleges and Universities, *SREB States*



Source: National Center for Education Statistics

In six SREB states (Louisiana, North Carolina, South Carolina, Tennessee, Texas and West Virginia), the shares of spending for instruction at public two-year colleges increased. The regional average share of spending devoted to instruction declined by 0.6 percentage point — from 45.3 percent to 44.7 percent. Only spending for scholarships and fellowships shifted by more than one percentage point at public two-year colleges — from 11.4 percent in 1992 to 12.5 percent in 1997.

Federal support for research and development increased faster in the SREB region (84 percent) from the late 1980s to the late 1990s than it did nationally (79 percent). In the SREB region, federal support for research and development at colleges and universities was nearly $4 billion. Thirty-one universities in the region were among the nation's top 100 recipients of such support.

A little-noticed but fast-growing area of funding for colleges and universities is federal earmarked appropriations. Annual earmarked funding to individual colleges or universities reached $298 million in the SREB region in 2000 — almost four times more than in 1990. Earmarked funds shared by SREB-state colleges and universities and other institutions amounted to more than $286 million. SREB-state colleges and universities received about 40 percent of the nation's federal earmarked appropriations.

Two of the nation's top 10 universities in endowments in 2000 were in the SREB region: the University of Texas System and Emory University in Georgia. The University of Texas System's endowment of more than $10 billion was third — below only Harvard's and Yale's. The Texas A&M System came in 11th, and another 24 universities in the SREB region were among the top 100.

The following is a list of the SREB states' postsecondary education agencies that reported comparative data on colleges, universities and vocational/technical institutes in the SREB-State Data Exchange, 1999-2000. For 30 years, the SREB-State Data Exchange annually has collected comparative data on higher education. Without these agencies' support and cooperation, this feat would be impossible.

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Continued from inside front cover

Educational success increases: Virtually all of the nation's growth in bachelor's degrees occurred in the SREB states. The regional increases outpaced the national increases at every degree level. Women and minorities accounted for most of the growth. Fewer men have been receiving bachelor's degrees in six SREB states. Black students increased from 12 percent of the total to 14 percent — more than 11,400 more black students earning bachelor's degrees. Hispanic students' share of bachelor's degrees has increased to 6 percent.

Students and their families carry a greater financial burden: In half of the SREB states, tuition and fees account for larger percentages of median family incomes than they do nationwide. When the annual cost of attending public universities (including room and board) is adjusted for inflation, students pay 63 percent more ($3,300) than students paid 20 years ago. Student financial aid is increasingly a matter of loans. There is $3,470 in loans per full-time-equivalent student; 30 years ago the figure was $840. The amount in grants per full-time-equivalent student rose from $2,370 to $2,500. The buying power of the maximum grant available to only the neediest students covers 35 percent of the cost of attending a public four-year college or university — half of what it once covered. Unlike states outside the SREB region, SREB states continue to focus on non-need-based financial aid.

Financial strain for colleges remains despite improvements: The average faculty salaries at public four-year colleges in seven SREB states moved closer to the national average. Three SREB states are at or above the national average. Average salaries in six states lost ground to the national average. Per-student state and local appropriations rose just $40 (in 2000 currency) at public four-year colleges and universities and $86 at public two-year colleges. The share of spending for instruction increased in only four SREB states.

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